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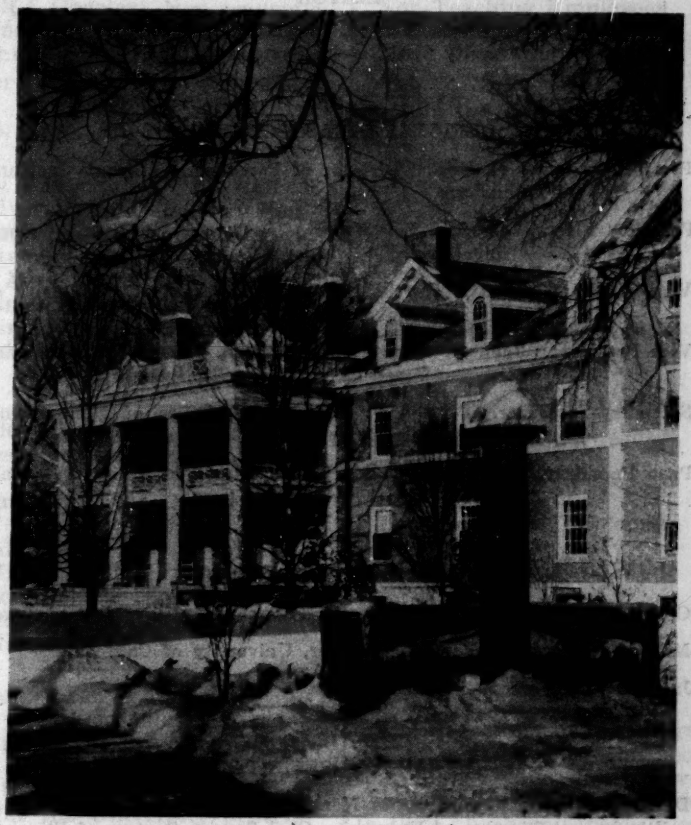

Winter on the Urbana-Champaign Campus
University of Illinois

A PUBLICATION OF THE COLLEGE AND UNIVERSITY PERSONNEL ASSOCIATION

CUPA JOURNAL

A Publication of the
College and University Personnel Association

809 South Wright Street Champaign, Illinois

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NEWS, NOTES & QUOTES

New Members

Sterling C. Manning, Personnel Administrator; John W. McDevitt, State Personnel Officer; Murray G. Hill, Assistant Director, North Carolina State Personnel Department.

Ralph J. Godzicki, Non-academic Personnel Officer, Illinois Institute of Technology.

Sister Alma Virgo, Business Officer, St. Joseph's College for Women, Brooklyn, New York.

Mary Davis joined the staff of the University of Oklahoma Medical Center as Personnel Director on September 1. For the past 20 years, Miss Davis has been engaged in personnel and placement work in New York and New England. She received a Master's Degree at Columbia University.

Charles T. Clark, Director of Classified Personnel Office, University of Texas, sends along copies of "Your Job at the University of Texas," a well-written and attractive handbook. Copies may be loaned from the office of the Executive Secretary of the Assocation, 809 South Wright Street, Champaign, Illinois.

On September 1, 1956, the University of Wisconsin Extension Division and the Wisconsin State College of Milwaukee were integrated through legislative action, to become the University of Wisconsin — Milwaukee. All of the personnel transactions of the Milwaukee University are routed through the Madison office, and Mr. E. Bretzman, Personnel Consultant, serves on all matters

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Our Cover

The University of Illinois grew out of a demand of the people that higher education be available to more than a favored few. In 1862 Abraham Lincoln signed the "Land Grant College Act" providing for establishment of such colleges.

Illinois opened March 2, 1868, with three faculty members and

(Continued on Page 28)

FROM THE PRESIDENT'S CORNER . . .

During our tenth year, the College and University Personnel Association should continue to progress as it has in the past because of the fine work that has gone on before.

It is most gratifying to receive copies of letters (from Executive Secretary, Don) going out to an ever-increasing number of new members. I am sure that we can count on a record number of new members during the year through the efforts of Vice President for Membership, Paul Hartley. This ties in with our "goal" for the year — "increased participation in CUPA through regional activities". We hope during the year to report progress from both the Atlantic and the Pacific Coast areas.

Vice President for Research, Jack Shingleton, is working on an idea for a really far-reaching project.

Editor, Kathryn Hansen, has had excellent returns from her questionnaire, including a gratifying number of offers to furnish articles for the CUPA JOURNAL.

Summer Conference Chairman, Frank Ives, has an exciting program outlined for our visit to the University of Colorado next August 4 to 7. I hope you read the announcement of dates and details in our last issue of CUPA JOURNAL. Let's all make plans now for one of the best meetings yet!

Secretary-Treasurer, Shelton King, has a complete budget outlined and approved by the Executive Committee, so we can be sure that our finances will be in order for the year.

My best to all of you, and if you have any suggestions on how to promote "Increased Participation in CUPA through Regional Activities," please send me your ideas.

J. N. EWART

Personnel Programs for Non-Teaching Employees In Universities Operating More Than One Campus

CHARLES T. CLARK

"Among his other problems, the personnel officer of a large university often finds that he must organize and help to maintain a personnel program which covers more than one campus operated by his institution."

A recent study was made of twenty-three colleges and universities operating campuses in more than one location. These schools have a total of ninety-three campuses. Eight of the schools have all of the campuses within the same city. Five have them scattered over an area with a diameter of fifty miles or less. Three are scattered over an area of approximately one hundred miles, and five have campuses spread as far as five hundred miles apart.

The personnel officer of the main campus was asked to define his responsibilities for the personnel program at branch campuses. Twenty-one of the reporting directors said that there is one general program extending to all of the branches of their institutions. In only two cases are the branch programs operating completely independently of the program on the main campus.

Twenty of the twenty-one schools who reported that they operate one single personnel program said that they use the same written personnel policies on all campuses. The others reported a few variations to meet local conditions. At only two schools is there no relationship between the written policies at the main campus and those at the branches.

Thirteen universities reported that they use the same program of job evaluation on all campuses. Five others use the same basic program with minor variations. One operates programs for two separate campuses, while two have a job evaluation program for the main campus only. The remaining two schools have no program of job evaluation.

A considerable degree of uniformity was found in the area of pay administration. Fourteen of the schools reported that they use the same pay plan for all campuses; seven use the same basic pay plan with minor variations to meet local labor market conditions; on only two campuses is the pay administration program of a branch completely divorced from that of the main campus.

The study disclosed an interesting pattern in the development of personnel handbooks. In several

Mr. Clark is Director of Classified Personnel, The University of Texas.

cases the school extends the use of the handbook designed for the main campus to cover other campuses in the institution. This is considered to be a temporary arrangement. Fourteen of the schools reported the use of one handbook for all component institutions. Four schools use a separate handbook for each campus. In one large university, administrators tried to use one handbook to cover several branches but found the arrangement to be unsatisfactory. They now use a separate handbook for each campus. Several personnel officers commented that while it is possible to have a statement of personnel policy that could be used effectively on several campuses, it is hard to write a personnel handbook which performs adequately the functions of a handbook and satisfies the individual needs of more than one campus.

An analysis of the organizational relationship between the personnel officer on the main campus and branch personnel officers was made to determine the effect of distance between campuses. As one might expect, problems of securing coordination and uniformity are more difficult where distance between campuses is great. In most cases, more flexibility was allowed in matters of policy and pay administration when there was a considerable distance between the main campus and the branches. This is not always true, however. One university, in particular, has widely scattered campuses but has a high degree of uniformity in matters of policy, pay, job classification, and other phases of their personnel program.

In developing a personnel program for schools with more than one campus, there are two basic problems which must be solved. The first is to define the line and staff relationships between the branch personnel officer and the chief executive officer of his institution, the personnel director on the main campus, and/or the single person in the university system responsible for the total personnel program.

It is a generally accepted principle of organization that the local branch head cannot be held responsible for the acts of an individual on his campus reporting to someone else. To follow this principle the personnel director on the branch campus should have a staff relationship to the central personnel director and a line responsibility to the head of the local campus.

While personnel officers of the reporting institutions said that they approached this problem of organization in different ways, there seems to be a growing awareness of the difficulties resulting from attempts to make the branch personnel man directly responsible to the central personnel officer rather than to a line officer on his own campus.

The second problem to be faced is that of determining what degree of uniformity is desired in the branch personnel programs and how this uniformity can best be achieved.

An analysis of this problem indicates that there are certain areas of personnel activity in which complete uniformity should be sought; other areas in which coordination is desirable, and still others in which it is best for the local personnel program to function entirely without central direction or control.

One possible formula to be followed in solving this problem is

provided in the following three paragraphs.

1. Complete uniformity should be sought in the following areas of activity:

a. Basic personnel policy, including the granting of fringe benefits.

b. Standards of job classification, making possible the use of a single job evaluation plan.

c. A system of reporting statistical information concerning branch personnel activities.

2. Coordination through the central personnel officer is desirable for the following areas of activity:

a. Variations in pay ranges needed to meet local pay scales which vary from those paid in the vicinity of the main campus.

b. Adequate personnel records needed for the reports described in the previous section.

c. Training programs affecting personnel from more than one campus.

3. The following areas of personnel activity need not be uniform throughout the system, and branch personnel programs should be developed locally to fit local needs:

a. Procedures and forms used for personnel transactions.

b. Training programs on the local campus.

c. System for recruiting, testing, and placing applicants.

d. Procedure for handling grievances and appeals.

e. Merit rating.

f. Personnel records.

Necessary control and coordination can be achieved by requiring that matters of personnel policy, pay administration, and job classification clear through the branch head, with the advice of the local personnel officer. Recommendations from the branches should clear through the chief administrative officer of the university system, who in turn should consult his central personnel officer to make sure that all recommendations are in line with the over-all pattern of personnel administration being maintained for the system.

The central personnel office should also be expected to act in an advisory capacity to the branch heads and to local personnel officers on the development of local personnel programs.

College Retirement Plans And Long-Term Disability Income

THOMAS C. EDWARDS

"The college officer has a vital part in the large job that lies ahead. The emphasis on obtaining, developing, and keeping a well-balanced staff of qualified men and women will be greater than ever before. We sincerely believe that new insurance plans will be helpful to you, to your college, and to the employees they cover."

I have noticed that when Harold Brian, our personnel officer at TIAA, is describing staff benefit plans to a prospective employee, the applicant takes for granted, with a knowing nod, the fact that we provide hospital-surgical insurance, group life insurance, a retirement plan, and disability coverage. But there are three features that usually raise the applicant's eyebrows in pleasant surprise.

1. Full and immediate vesting of retirement benefits. From the day the staff member's first annuity premium is paid, he assumes full ownership of all retirement and survivor benefits purchased by his own and his employer's contributions. As in the 700 educational institutions having TIAA-CREF retirement plans, any employee who leaves before retirement takes his contract with him, including all contributions made by the employer.

Mr. Edwards is Vice President of the Teachers Insurance and Annuity Association, College Retirement Equities Fund. This article is a copy of the paper which he presented at the Tenth Annual Conference of the Association, on August 7, 1956.

2. The next attraction is the opportunity to deposit up to half of his annuity premium in CREF, the broadly diversified common stock fund designed to provide a retirement income tuned to purchasing power needs.

3. The third important feature, the one I shall discuss today, is a long-term disability income plan that pays half salary if the employee becomes totally disabled. The monthly disability income continues until age 65. Also, premiums on his TIAA-CREF annuity are continued for him so that at age 65 his monthly lifetime annuity income begins.

The Disability Income plan is the only feature of the three that is not already well known and widely used in the college world. Full vesting and variable annuities are fundamental in all TIAA-CREF retirement plans, but no group insurance for total, long-term disability income has been generally available until now.

Planning for the economic security of college staff members and their families began more than half a century ago. Early grants for free pensions by Andrew

Carnegie led in turn to the establishment of TIAA and to widespread use of its retirement plans. Social Security, now available to almost all educational institutions, has increased materially the retirement and family security provided for staff members. The introduction of CREF in 1952 makes it possible for retirement income to adjust more closely to changes in the dollar's value, thereby enabling retired persons to participate in the growth of the economy. Group life insurance and the death benefits of the annuities afford protection for educators' families. On the whole, college employees have at their disposal unusual resources for family security and retirement.

But old age and premature death are not the only possible reasons for the termination of an individual's earning power. One of the most serious and distressing financial catastrophies that can strike a family is the long-term total disability of the breadwinner. Such disability does not occur frequently, but when it does, the economic impact on the victim and his family is usually tragic.

If the disability is only partial, the staff member may work on a part-time basis or seek a lighter, less demanding position. But where disability is total and long-term, his productively useful life may be ended just as irrevocably as if he had died. In fact, the financial effects of total disability on the disabled staff member's family are usually even more severe than those caused by his death, because there are no survivor benefits payable from life insurance, annuities, or Social Security to help the family through a readjustment period. Instead, the former breadwinner becomes a very dependent member of the household, in many cases requiring continued medical care and special nursing.

What provisions do colleges and universities presently make for continuation of income to disabled staff members? In 1954 Professor C. Arthur Williams of the University of Minnesota conducted an extensive survey on this question, including in his study all four-year degree-granting colleges and universities and all graduate schools listed in the U. S. Educational Directory. Out of 1,338 questionnaires mailed, he received the excellent return of 678 replies. I imagine that many of you here today participated in the survey.

Most of the colleges replying reported that they will either continue a disabled staff member's income for at least one month under a *paid sick* leave program or replace his income in part through some insurance or retirement plan. Professor Williams describes in detail the following methods, now used to provide some disability income for college staff members.

Paid sick leave programs are usually self-insured by the college. In most *formal* sick leave programs, the number of days of sick leave depends on the number of years of service. A staff member must almost always have at least two years of service before his disability income will continue for a month or more. Under formal plans, benefits continue up to a maximum period, such as 150 days, with the number of days depending on length of service. It usually takes at least 8 or 10 years of service without any days of absence before a staff member qualifies for the maximum.

Many colleges reported *informal* sick leave programs. Normally

these continue the salary of disabled staff members until the close of the current semester or quarter. Payments may be made over a longer period of time on an individual basis, consideration being given mainly to age, length of service, and need.

Temporary Disability Income insurance is usually underwritten by a commercial insurer. Under a typical contract, the insurer promises to pay a weekly income to a totally and continuously disabled employee for a maximum of 13, 26, or 52 weeks. Payments usually begin with the first day of disability due to accident and the first, fourth, or eighth day of disability due to sickness. The maximum payment seldom exceeds $50 a week and is typically between $35 and $40, Professor Williams reported.

Group Life disability pay-out provisions are always underwritten by an insurance company. The disability provision normally provides for the payment of the face amount of the insurance in case of death or total and permanent disability commencing prior to age 60. Disability is presumed to be permanent after it has existed for six months and total disability is usually defined as inability to work at any occupation for remuneration or profit. The face amount may be paid either in a lump sum or as income, and any payments reduce the amount of the staff member's insurance. Unfortunately, this reduction in protection occurs at a time when the family needs *more*, not less, life insurance protection.

Retirement plan disability provisions that enable a person to receive more than the amount of his own accumulated contributions if he terminates employment because of disability are very prevalent. However, all but a few of these plans provide only that if a person terminates employment because of disability he may receive an annuity income based upon not more than the accumulation of joint contributions then standing to his credit. In other words, the annuity accumulation is "vested" in him upon the occurrence of total and permanent disability. Under TIAA-CREF retirement plans the full accumulation is, of course, vested in the annuitant at *all* times. A few of the state universities having TIAA-CREF retirement plans formally supplement the TIAA-CREF annuity in case of early retirement for disability.

Public retirement systems not using TIAA-CREF annuities, but permitting early retirement for disability, usually require either 10 or 15 years of service for qualification for benefits. In about half of these public plans the disability income benefit is the actuarial equivalent of the accumulated joint contributions; in the other half the benefit is more than the actuarial equivalent.

Since the vast majority of all retirement plans providing early retirement for disability pay an income that is simply the actuarial equivalent of the employee's total annuity accumulation, I quite agree with Professor Williams' conclusion that such plans should probably not be considered income continuation or replacement plans.

Total, long-term disability provisions. Only a very few colleges now have total, long-term disability income programs that provide benefits separate and apart from the college retirement plan. These are public institutions for the most part, with the benefits underwritten by public bodies. Although there is no fixed pattern

applicable to these plans, normally the benefit increases with years of service. Benefits range from 1¼% to 3% of salary times the number of years of service.

Professor Williams, in reporting on this form of coverage, said that "total and permanent disability income insurance is the ideal way to protect faculty members against olss of income due to disability, because it provides protection against long-term illnesses which are apt to be financially crippling, without reducing the life insurance and retirement funds. However, in almost all of the current plans, either the faculty member must have served 10 or 15 years before he is eligible for any benefits, or the benefits available in the early years are very small."

TIAA Survey in 1956

During the last two years TIAA has conducted a comprehensive study of the need for disability income protection and the feasibility of underwriting long-term disability insurance for colleges and universities. Early in 1956, as an important part of this study, we surveyed the opinions and experience of college officials through the first widespread questionnaire we have sent out in ten years. We are grateful indeed for the helpful cooperation given us by the colleges in this study. Your help has been essential in designing a new coverage along lines most suited to the needs of educational institutions and their staff members.

The survey showed that most educational institutions have had to "face up" to cases of long-term disability in recent years and that they usually handled the situation on a discretionary basis, deciding each case on its own merits. The work of the disabled employee is continued in some manner, either by staff members "filling in" or by hiring replacements.

The wide disparities and the hidden costs that exist in handling cases of long-term disability indicate that there is a real need for solving the problem in a more formal manner. By handling the long-term income needs of disabled staff members on an individual or *ad hoc* basis, a college is actually paying the costs of disability income but receiving little or none of the employee good will accorded an insured plan providing benefits that are clearly and publicly known. A substantial number of those replying to the TIAA questionnaire stated either that they thought their institution would establish a TIAA Disability Income plan within the next three years or that they were "undecided".

The primary reason for establishing a Disability Income plan is to assure the college that those staff members becoming disabled will be provided for without budgetary strain to the college, without the embarrassment to the individual and his colleagues of "charity payments," and without impairing the academic standards provided for students. But a good plan will go further than this. It should improve the professional attitude of the entire staff, and it should assist in attracting promising staff members, both in academic and nonacademic ranks.

Studies of the few long-term disability plans now in existence indicate that the deep sense of security given *all* covered employees will be one of the most valuable assets of this form of protection. The assurance to the young or the middle-aged individual that he and his family will be

able to get along reasonably well, even in the face of an illness or accident severe enough to cut off his earning power for life, seems to have more appeal and gives him a greater sense of security than the protection afforded by other coverages. The older staff members have a more immediate stake in a Disability Income plan since they are the ones most likely to suffer total disability. The plan assures them that their remaining years of educational service will be largely free from worry about the financial hazards of such disability.

TIAA Disability Income Insurance

As you have probably surmised by now, TIAA will soon be issuing Group Disability Income insurance to educational institutions. (Also, I hasten to add, Group Major Medical Expense insurance.) A $5,000,000 appropriation by the Ford Foundation will provide a substantial contingency fund and will cover developmental expenses. Although the appropriation is not designed to pay policyholder benefits or the usual operating expenses, it will mean that premiums paid by colleges and their staff members will not include any charge for establishing a contingency fund or for TIAA's expenses in developing this new area of coverage. We are, of course, delighted that the Ford Foundation has made it possible for TIAA to extend its services to the college world through both Disability Income and Major Medical insurance. The new coverages are available on a group basis for academic and nonacademic staff members in all colleges and universities, whether or not they now have TIAA retirement plans. Although I would also like to tell you more about our new Major Medical plans, I believe you are already acquainted with that general area of insurance, and I'd better stick to Disability Income for today.

Disability Income insurance will be issued for groups comprising 10 or more staff members. All permanent full-time employees of an eligible institution may be covered by the plan. In a larger institution permanent employees who serve at least half-time may also be covered. The institution may include all such employees, academic or nonacademic, or selected classes of employees in its plan. Such classes might be based on rank, years of service or combinations thereof. *At least 75% of eligible staff* members must be covered. No medical examination will normally be required.

The Disability Income plan will provide, for the insured employee who becomes totally disabled, a monthly income of half-salary, or such smaller amount, as may be established by the particular college for its plan. A college may, if it wishes, establish a flat benefit plan, that is, a plan that would provide the same amount of monthly income for any person who became totally disabled. It is expected, however, that most of the plans will provide benefits based upon a percentage of salary.

There will also be a dollar limitation — no one in a large group can receive more than $500 a month; for smaller groups this maximum would grade down to a smaller amount.

Total disability will be defined as inability to follow any occupation for which the individual is reasonably fitted. An insured person will begin to receive monthly payments after total disability has continued for six months. He

will continue to receive benefit payments during such disability until age 65.

Institutions with TIAA-CREF retirement plans may include an annuity Waiver of Premium provision as part of the Disability Income plan. This provision will continue level premiums on the TIAA and CREF annuities for the same period of time that the individual receives monthly Disability Income benefits. At age 65 the monthly income benefits cease, and the monthly annuity income begins. The disabled staff member will receive from his annuity the same amount of retirement income he would have received had he remained in active service at approximately the same salary he was earning when he became disabled. If he had sufficient Social Security coverage at the time disability occurred, and if his disability qualifies under the Social Security definition, he will also begin to receive Social Security benefits at age 50. The new amendment provides for income benefits to commence at age 50 for totally disabled workers meeting specified tests. These disability benefits of OASI, while small in amount and unavailable below age 50, will serve as a base around which the much more comprehensive TIAA plan can be designed. In all probability the method of integrating TIAA and Social Security will provide an approximately *level* disability income to age 65 whether disability occurs before or after age 50.

A Sample Plan in Operation

"Forest University" has had for many years a TIAA-CREF retirement plan toward which the individual and the University each contribute 5% of the staff member's salary. Social Security is provided in addition to the retirement plan. The normal retirement age is 65.

The University adopts a TIAA group Disability Income plan, for which full-time faculty and administrative staff members are eligible after completing five years of service and attaining age 35. The plan provides the following benefits for any insured staff member who has been totally disabled for six consecutive months:

1. A monthly income continuing during total disability until age 65. The amount of the disability income will be 50% of his former salary, except that any portion of salary over $12,000 a year will not be considered in determining the amount of the disability income. For this large institution the effective income maximum is therefore half-salary or $500 monthly, whichever is smaller.

2. Waiver of Premium during total disability until age 65. The TIAA-CREF annuity premiums would be paid by TIAA in the same amount that was being paid when the employee became disabled.

3. The TIAA-CREF annuity income would begin at his age 65, under an income option to be selected by him.

The Group premium for the "Forest University" plan represents about 1.5% of the payroll for *participants*, thus a lesser percentage of *total* payroll. The University pays two-thirds of the premium; thus, each participant pays ½ of 1% of salary up to $12,000.

The first disability occurred when Professor Smith, at age 45, was ordered by his doctors to call a halt to his earning activities because of essential hypertension. The University continued to pay Professor Smith's full salary

($650 monthly, less deductions) during the first six months of his disability. At the end of the six-month period he became eligible for the following benefits from the TIAA Disability Income plan:

1. A disability income of $325 monthly paid to him direct by TIAA.

2. Premiums of $65 monthly applied to his TIAA-CREF annuity by TIAA.

These benefits will continue during total disability until Professor Smith's age is 65, or prior death. If he dies before age 65 the full TIAA-CREF annuity accumulation will be paid to his beneficiary as income. If he lives to age 65 his disability income of $325 monthly will cease and his TIAA-CREF annuity income will begin. He may, of course, select an annuity option that will continue an income to a beneficiary after his death.

For several reasons Professor Smith's disability income of $325 monthly represents substantially more than 50% of his former *take-home* pay . For example, the income is not subject to Federal income tax because it is within the tax-exempt limits for disability payments; he no longer pays 5% of salary to his annuity; and he no longer pays Social Security taxes because his retirement, survivor and disability credits are now "frozen." If his life insurance includes a Waiver of Premium clause, he no longer pays life insurance premiums although his policies continue in full force. And, of course, there are no further deductions for premiums to the Disability Income plan. Actually, Professor Smith's new "take-home pay" would now be approximately two-thirds as large as it was before he became disabled.

The Cost of a Disability Income Plan

The cost of a TIAA Disability Income plan will vary considerably among institutions, since costs depend on the benefits selected, salary levels, age distribution, proportion of academic and nonacademic staff members covered, waiting periods selected, and other factors. The premium rate for nonacademic employees in certain job classifications will be higher than for faculty members of the same age. However, a younger average age in the nonacademic group to be covered would tend to offset this occupational differential.

Although cost estimates for a particular college will not be available until we have received approval of premium schedules and policy forms from the New York State Insurance Departments, our estimates made before the Social Security change indicate that in typical circumstances a medium plan providing disability income and waiver of annuity premiums for college faculty members would cost about 1% of the payroll of those participating and a maximum benefit plan,such as the one at "Forest University," would cost about 1.5% of payroll for participants. Of course, integration with OASI will mean a lower TIAA premium than would have been necessary before the amendment. We have not yet computed estimates on the new basis for a "typical" institution. The college may pay all the premium or the employee may pay part of it. TIAA's only requirement is that the college pay at least 25% of the total annual premium for the group. Dividends paid to the college would reduce the cost.

Summary

TIAA's studies over the past

few years indicate a genuine desire among educational institutions to protect against the financial hazards of long-term disability in a formal manner. Most colleges and universities now have some method of continuing a staff member's income during short periods of disability. However, no group insurance has been available to provide long-term disability income benefits, and only a scattered few institutions have undertaken any formal arrangement to provide such benefits for their employees.

The addition of both Disability Income and Major Medical Expense insurance to the services provided by TIAA for the college world comes, we believe, at a most appropriate time. Because of the doubling of enrollments expected in the colleges and universities within the next 15 years, the problem of attracting and maintaining first-class academic and non-academic staffs will become increasingly severe. Adequate salaries are, of course, the first consideration. But benefit plans also play a key role in helping the college world meet the competition of business, industry, and government for qualified men and women. The widespread adoption of retirement plans that provide transferable pension rights and protection against inflation has placed college employment well ahead of other professions in this regard. Life insurance plans are also well established in the colleges. The addition of insured benefit plans for Major Medical Expense and Disability Income protection will round out individual and family economic security for college employees. Thus the Ford Foundation appropriation is making possible a significant advance in the financial protection available to college staff members and is helping to increase the attractiveness of college employment as a career.

The college personnel officer has a vital part in the large job that lies ahead. The emphasis on obtaining, developing, and keeping a well-balanced staff of qualified men and women will be greater than ever before. We sincerely believe that these new insurance plans will be helpful to you, to your college, and to the employees they cover.

STEPHEN J. O'NEILL

"The problem of maintaining an adequate medical care insurance program for your employees, in the face of a steady rise in the cost of providing medical services, is a serious one, and requires constant study on your part."

I consider it a real privilege to discuss fringe benefits with you. I assume that you folks are acquainted with the different forms of group benefits, including Group Life, Accident and Sickness, and Hospital and Surgical Plans.

Therefore, I am going to talk about two brand-new group coverages that are being widely discussed and undoubtedly, will have a

Mr. O'Neill is associated with Marsh & McLennan, Inc., New York City. This article is a copy of the paper which he presented at the Tenth Annual Conference of the Association on August 7, 1956.

far-reaching effect on the entire field of *medical care* in time to come; namely, Major Medical Insurance and Comprehensive Health Insurance.

History and Development

On February 2, 1949, Major Medical Insurance was first introduced in the United States, on a group basis, through the purchase of a group major medical insurance contract by the Elfun Society. This Society is a voluntary association of some 4,000 employees composed primarily of men in the management functions of the General Electric Company. Thus, with the advent of this coverage, many people felt that the most important development in group insurance in a generation had occurred.

It might be helpful to look back for a moment to ascertain the reasons for the tremendous need for these benefits that made the introduction of Major Medical Insurance so significant and far-reaching:

1. For many years it had been apparent that the average group hospital-surgical plan, while offering much needed protection for the ordinary disabilities, failed to provide adequate protection for disabilities that approached the catastrophic, or even in cases where there were moderately heavy medical costs for other than hospital or surgical services.

2. As more and more people were insured for hospital-surgical benefits, it became apparent that coverage should be extended to those areas not covered by existing plans.

3. The costs of medical care and supplies increased because of new and costly medical techniques.

4. The ever-increasing demands of the public for the best medical care budgeted through pre-payment arrangements made it natural for pre-payment protection to be extended to greater amounts and additional types of medical expenses.

Wide Acceptance

With the introduction of Major Medical Insurance in 1949, a noble experiment was launched. Being highly experimental and with practically no experience to go by, the insurance industry was most anxious to see how the public would take to this new coverage. A look at the figures* will quickly indicate the tremendous strides that have already been made in extending these benefits to the American public.

End of Year	Group Major Medical Expense Insurance	Individual Major Medical Expense Insurance
1952	533,000	156,000
1953	1,044,000	176,000
1954	1,892,000	306,000
1955	3,925,000	482,000

*Figures furnished by Life Insurance Association of America

The above figures include employees and dependents.

That Major Medical is an established form of health insurance is certainly supported by the fact that approximately 4,500,000 are protected. More significant is the future growth indicated by tremendous interest in Major Medical among those actively participating in the field of employee benefits. Major Medical coverage is now being included in group insurance plans of both large and small employers, and individual Major Medical policies are being purchased with increasing rapidity. Also, the number of union-negotiated plans are increasing, and it is expected that there will be greater expansion in this field as time goes on.

How Deoes Major Medical Insurance Operate?

Major Medical Inusrance is designed to provide coverage against the disability which can be described as "catastrophic". The basic plans of hospital-surgical protection have, as their purpose, the providing of certain benefits to care for the run-of-the-mill type of medical bills. Generally speaking, the basic types of group plans provide scheduled benefits while hospitalized; the major medical plans provide unscheduled benefits in and out of the hospital.

While Major Medical has evolved quite a lot since its inception, certain basic fundamental concepts still hold. Two of the more important of these basic concepts are the "deductible" feature and the "co-insurance" feature. These two features support the fundamental fact that if you are going to provide high limit protection against catastrophic expenses of a major disability at a *reasonable* cost you must have these two items, the "deductible" and "co-insurance", as built-in *safeguards* to help keep claims costs down.

The use of the deductible makes certain that there will be no area of medical expense in which the employee can collect both from his basic plan and his major medical plans. In other words, it eliminates double coverage. The deductible can be set up in a number of ways. The principle types are the *integrated deductible* and the *corridor deductible.* The integrated deductible would be some dollar amount (generally $300 - $500) or the benefits payable by the basic group program, whichever amount is the greater. The corridor deductible would be the basic plan of benefits plus either a flat dollar amount, such as $100 or $200, or a sliding scale deductible such as a percentage of annual salary with certain minimums and maximums.

The co-insurance feature is usually set up on a 75% - 25% basis or 80% - 20% basis, and becomes operative once the deductible has been satisfied. It can be easily seen that under an unscheduled plan such as Major Medical, it is necessary that the employee have an interest in the amount of medical charges, if the plan is to be sound. The co-insurance also serves as a deterrent on over-enthusiastic use of expensive but unnecessary services.

The benefits under Major Medical are all-inclusive of a blanket nature. These benefits include payment for private nurses, specialists, and consultants, and practically all forms of necessary medical supplies, braces, crutches, etc. With very few exceptions, there are no limits on schedules attempting to prescribe how much of the $5,000 or $10,000 maximum benefit may be used up for hospital charges; how much for surgical fees, etc. The one major limitation is on the amount of the benefit allowable for private room accommodations. It is felt that since the patient usually makes the choice as to room accommodations and since the hospital charges are usually higher for private room patients, the scheduled benefit is necessary.

The "cut-off" provision after which the maximum benefit ($5,000 or $10,000) becomes inoperative, is important. It can be accomplished in several ways; the objective in all cases is the same — to put a curb on the abuses for such sources as chronic disabilities and also to control the payment of benefits that were once very heavy

but have now dwindled down to practically nothing. These cut-off provisions vary, based on the type of plan adopted.

In discussing specific designs of Major Medical plans, it is seen that the pattern of first dollar coverage is deeply ingrained in group hospitalization plans today. Therefore, the most important type of comprehensive medical care plan for most employers today, and undoubtedly, for some employers in the indefinite future, will involve a continuation of typical basic hospital-surgical coverages with a Major Medical plan on top of such basic coverages welded together by an integration feature of some type.

There are two important designs now in use for Major Medical coverage identified as (a) corridor major medical deductible plan and (b) integrated deductible major medical plan.

The basic group insurance plan, we assume for illustration, to be as follows:

1. A hospitalization plan providing for $12 or $14 per day for 70 days and $240 for hospital charges while a bed patient,
2. A $100 hospitalization maternity allowance for normal delivery,
3. A $200 surgical schedule including obstetrical benefits,
4. A $3.00 per day reimbursement for doctor's visits to a hospitalized patient.

Using the above basic plan, either of the following two types of Major Medical coverage may be added:

1. Corridor Deductible Plan

Typically this plan provides for the payment by the carrier of 75% or 80% of the excess of the medical care charges over the sum of (a) the amounts reimbursed by the basic plan, (b) an out-of-pocket deductible. This out-of-pocket deductible differs in various plans. In some instances, it is a flat amount of $100. However, in the majority of plans currently being adopted, the corridor is usually 2% or 3% of annual salary with a minimum of $100 and a maximum of $500.

Each Illness Deductible vs. Calendar Year Deductible. In some plans, the deductible applies to each illness, and *only one* deductible applies to each illness, even though the illness may run for two or three years; this type of plan is called the *Each Illness Deductible Plan.* This deductible must be accumulated over not more than a six-months' period. In other plans, the deductible applies to *all* illnesses of an individual during the calendar year and in such plan, the deductible is repeated with each new calendar year even in the case of an extended illness; this type of plan is called, the *calendar year* plan. There is quite a controversy going on in the insurance industry today as to the relative merits of these two types of deductibles. Actually, it is a matter of choice on the part of the buyer. The *calendar year* approach is 5% to 10% more costly on initial premium rates than the "each illness". On the other hand, the calendar year approach is simpler to understand and probably has more *employee* sales appeal.

Common Disaster. All of these plans have a common disaster clause to the effect that if a family was in an automobile accident, and more than one member suffered injuries, *only one* deductible would apply to all disabled members.

Reinstatement. All plans have a reinstatement provision.

Integrated Deductible Plan

The second type of deductible is the Integrated Plan. This plan provides for the payment of 75% or 80% of the excess of medical care charges, up to a maximum of $5,000 or $10,000 over the larger of (a) a deductible of $300 or $500, or (b) the amounts reimbursed under the basic medical care program. The out-of-pocket deductible in minor or non-hospitalized illnesses thus consists of the excess of $300 or $500 over the amounts paid by the basic medical care program. On serious hospitalized illness, the out-of-pocket deductible is zero, because the amount paid by the basic plan usually exceeds $300 or $500. This plan is invariably written on the *Each Illness* basis for the deductible and for the maximum.

The advantage of this type of plan in serious illnesses is — No Deductible. The disadvantage is that in a less serious illness or in a non-hospitalized serious illness, the out-of-pocket deductible can be the full $300 or $500.

Comprehensive Health Insurance

The second new group coverage is Comprehensive Health Insurance. For the past quarter of a century, Health Insurance has been expanding tremendously. The pattern of this expansion has been one of attempting to provide higher benefits and so-called "first dollar benefits" in greater and greater amounts. However, these expanding benefits have been concentrated in specific areas of health insurance leaving other vitally important areas practically untouched. Actually, Health Insurance has become a means of spreading small payments over all employees. We have lost sight of the important principles of insurance like those stated by Ray D. Murphy, Chairman of the Board of the Equitable Life Assurance Society in Chicago, in 1950, before the National Conference on Medical Services. All points were repeated in February of 1951 before the sub-committee on Health of the Senate Committee on Labor and Public Welfare. They were also included in the December, 1954 report of the California Medical Association (California Physicians Service Study Committee to the Association's House of Delegates).

These should be:

Principle 1 (infrequent occurrence of loss)

"The loss insured against should be of infrequent occurrence. There is no point to insuring a cost which is apt to fall regularly on the people who are to be insured because such an item should be allowed for in the budget, and the cost of insurance administration, if it is to be insured, is simply added to the inevitable basic cost.

Principle 2 (magnitude of loss)

"The loss insured against should be of financial consequence. Here again we must consider the administrative costs of insurance and under what circumstances it is worth-while to pay such administrative costs.

Principle 3 (loss should be beyond insured's control)

"The loss insured against must, for practical purposes, be beyond the control of the insured. The principle, if violated, *is one of the pitfalls of compulsory insurance.* It is obvious that the cost of insurance is indeterminate where losses are not substantially involuntary.

Principle 4 (definiteness of loss)

"The loss must be of an amount which is definite when the contingency insured against happens.

This is necessary for purposes of calculating premiums and for claims administration."

The shortcomings of present-day basic hospital-surgical plans in the light of these principles can be listed most simply as follows:

1. Over-insurance of minor ills.
2. Under-insurance of major ills, especially non-hospitalized ones.
3. Insureds are not sufficiently interested in insurance losses to place proper control on the charges.
4. There can be duplication leading to over-insurance.

Therefore, it is predicted that because of these shortcomings, many employers in the next five to ten years, will eliminate the basic hospital and surgical coverages and instead, will replace them with a new type of all-inclusive health insurance known today as Comprehensive Health Insurance.

Background and Description of Plan

This coverage is a new development in the field of employee benefits planning. It is still in the experimental phase of its development, but it seems to possess great potential as a solvent of the double-headed problem confronting medical plans today. This problem may be expressed in the form of a single question: "How can protection be provided against serious and costly disabilities within the framework of a financially stable plan, the cost of which will not exceed the amounts which may be collected from the employer-employee partnership?"

Our objectives in the development of the comprehensive health plan stem from this problem. Our prime objective is two-fold in nature. We are attempting to provides one over-all plan for all employees of a corporation which will protect these employees primarily in that area of medical care costs in which they cannot protect themselves. At the same time, we must erect safeguards which will make the plan financially stable.

Let us comment briefly on each part of this primary objective. It is a common sense statement to say that the employee has only so many dollars to allocate to medical care. These dollars should serve a dual purpose. They must be used to provide for insurance coverage, and also to provide a self-insurance fund for medical care not covered by the insurance. Under the average plan, as presently written, the employee finds himself in the peculiar position of insuring that which can be self-insured, and self-insuring that which should be insured. This average employee can afford to self-insure the $100 tonsillectomy, but can ill-afford to self-insure the $1,000 coronary. In order to correct this situation, the comprehensive health plan has been developed.

Under this plan, the theory of self-insurance outlined above is placed in its proper perspective. The employees have protection against medical costs which cannot be budgeted, and they self-insure those costs which can be budgeted. In the development of this comprehensive plan, we did not subscribe to the fallacious doctrine that medical costs are necessarily incurred while hospitalized. It is a matter of public record that of the nation's annual medical bill, exclusive of dentistry, 23% is spent for hospital care, 14% is spent for surgery, including obstetrics. The average medical plan today provides only the

hospital and surgical benefits which are prescribed in the schedules of the plan, and is, therefore, doing only 37% of the job, even if these schedules are broad enough to cover all hospital and surgical benefits.

The comprehensive plan provides unscheduled benefits for virtually all types of medical charges, whether incurred in or out of the hospital. In speaking of unscheduled benefits, we refer to the fact that only limitations established for covered medical charges are the maximum amount of the plan and a daily private room and board allowance.

The other half of our primary objective relates to financial stability of the plan. In order to assure that the comprehensive plan will be financially stable, it is necessary that certain safeguards be built into it. The first of these safeguards is the deductible, the purpose of which is to eliminate from coverage the very small claim which provides the employee with little benefit, but is costly to the plan both claim-wise and amdinistration-wise. It has been shown from analyses of various hospital-surgical plans currently in effect that up to 60% of claims payable under these plans are under $100. It can be seen that a deductible amount of $50 or $100 will effect a substantial saving under the plan, without placing undue hardship on the employees.

It is our opinion that the combination of a modest deductible and a co-insurance clause is essential to assure financial stability. This is especially important in the light of the very broad scope of the benefits offered under the comprehensive health plan. As we have stated, benefits are payable for medical expenses in or out of the hospital. Such expenses may include physicians' and surgeons' fees, private duty nursing, drugs, medicines, costs of hospitalization, braces, appliances, etc. The limiting factor under such a plan would be the over-all maximum of $5,000 or $10,000.

During the last year, several of these plans have been written. In fact, as of the end of 1955, based on figures furnished by the Life Insurance Association of America, approximately 830,000 employees and dependents were covered. All of these plans have followed the basic pattern as described concerning the deductible and co-insurance features. However, modifications as to the amount of deductible and co-insurance have been made. The important modification has been the introduction of a "paid-in-full benefit" under the hospitalization portion of the plan. An outstanding example of that has been the new comprehensive health plan adopted by the General Electric Company. Contained in this plan is the provision that after a deductible of $25 has been satisfied, the next $225 of covered expenses, as described in the plan, will be paid in full.

These modifications are actually a matter of choice on the part of the employer. It is logical to see that contractions of the deductible and co-insurance features plus "paid-in-full benefit clauses" will materially affect the cost of such a plan.

Advantages vs. Disadvantages

The advantages of this plan are as follows:

1. The plan is comprehensive with no underlying traditional coverage.

2. The plan excludes the small and frequent claim which is costly

to administer and can be self-insured.

3. It incorporates co-insurance so that the employee is interested in every dollar claim.

4. It covers all types of hospital, surgical, medical, nursing, ambulance, medicine and appliance charges, regardless of whether hospitalization occurs.

5. It provides a maximum of either $5,000 or $10,000 toward catastrophic claims.

6. Duplication is excluded.

The basic disadvantage is that employees trained to the reimbursement of small claims and unaware of the possibility of medical catastrophes are initially not receptive to the plan. Real "educational" techniques have to be employed during the installation of such a plan. However, the success of the General Electric Comprehensive Health Plan recently may indicate that with *proper* education and information as to how the plan functions *true* appreciation of the vast benefits derived from this plan will be shown by employees in the future.

Conclusion

In conclusion, I would like to say that the problem of maintaining an adequate medical care insurance program for your employees, in the face of a steady rise in the cost of providing medical services is a serious one and requires constant study on your part.

I recommend these new coverages for your serious consideration.

We Will Be Looking For *YOU*

at the

ELEVENTH ANNUAL MEETING

of the

COLLEGE AND UNIVERSITY PERSONNEL ASSOCIATION

UNIVERSITY OF COLORADO

Boulder, Colorado

AUGUST 4-7, 1957

Vacation And Sick Leave Control Survey

RALPH J. GODZICKI — *Illinois Institute of Technology*

COLLEGE	DO YOU HAVE CENTRALIZED CONTROL?	HOW DOES YOUR SYSTEM OPERATE?	EVALUATION OF YOUR PRESENT SYSTEM
1	No	Departments are expected to keep some record and report deductions to payroll department.	Unsatisfactory. System is open to abuses. Department heads do not cooperate fully in the administration of the policies.
2	No	Each department maintains an absence record which is subject to inspection by the Internal Audit Division.	Although the Business Office thinks the system is adequate, the Personnel Office doesn't share the view.
3	Partly	Vacation and sick leave absences are reported to the Treasurer's Office for the record.	"We have fair control, but the system leaves much to be desired."
4	No	Departments are expected to maintain records and administer policies.	Unsatisfactory. The Personnel Office is considering the use of a standard absence form subject to inspection without notice.
5	No	Departments are responsible for the administration of the policies.	Satisfactory. Too many administrative problems in a centralized control.
6	No	Departments keep records as directed by a memo from the Personnel Office.	Satisfactory. Maintenance of a central control is not justified by the expense and effort.
7	Partly	Departments send monthly absence reports to the Personnel Office on a standard form.	". . . not perfect, but the best we could work out here."
8	No	Each department responsible for maintaining records and administering the policies.	Unsatisfactory. Would like a central control, but top administration doesn't feel the extra work justifies a central control.

University of California's Program for Transfer and Promotion

GEORGE F. McGREGOR

A recently approved promotion and transfer program for the University of California has been reported by George F. McGregor, Personnel Officer. (Mr. McGregor is now Associate Director of Nonacademic Personnel, Chicago Professional Colleges, University of Illinois.)

Mr. McGregor tells us that the program has gone through a number of steps before having arrived at its present status. He writes: "Initially Mr. Lee Charette, who is in charge of our recruiting section, and Mr. Richard Shannon, Personnel Technician, worked on drawing up what to them was an appropriate statement. Their work was discussed in staff meeting with the result that some changes were made. A series of meetings was then held with campus supervisors. We invited not only nonacademics, but also administrative and academic, supervisors in groups of about twelve. These sessions led to additional changes, and the statement as revised was then submitted to the Chancellor's Administrative Advisory Council. Mr. Charette and I discussed the program with that group. A sub-committee of the Advisory Council was then appointed for the purpose of studying the proposed statement more carefully. The Librarian, Business Manager, and the Deans of Business Administration, Public Health and Chemistry met with Mr. Charette and me, and the proposal was again carefully reviewed. It then went back to the Advisory Council for approval and acceptance by the group.

"The Chancellor has recently given formal notice of their and his approval. He has agreed to the printing of a statement, which we prepared, to appear in the University Bulletin over his signature announcing and endorsing the promotion and transfer program. The statement as submitted will be distributed to all manual holders on the Berkeley campus, and is expected to get additional publicity through the local employees association.

"This has been a long and drawn-out procedure, but we do feel that the program will be announced to the campus with a good chance of success because a substantial number of campus supervisors have participated in the formulation of the statement and because the top administrative officers of the Berkeley campus have endorsed this formal addition to the Berkeley campus personnel program."

Promotion and Transfer Program Policies and Procedures of the Nonacademic Personnel Promotion and Transfer Program

1. *Basic Policy*

The University recognizes that an integral part of a sound personnel program is a Promotion and Transfer policy for its full-time permanent nonacademic employees. Such a policy serves to attract qualified applicants, to facilitate a full utilization of employees'

abilities and skills, and to retain qualified employees in University employment.

Departments seeking staff replacements benefit under this policy in having available for consideration candidates of demonstrated ability and university experience. Employees are provided opportunities for increased responsibility and higher income. In effecting a Promotion and Transfer policy the Personnel Office bears a dual responsibility for meeting the needs of departments and employees.

2. *Definitions*

A promotion is a change from a position at one classification level to another at a higher level. The appointment to the new position is generally made at the minimum of the slary range of the new class or at an appropriate step above the employee's present salary, if his present salary is within the salary range of the new class.

Transfers are of two kinds. An employee may change from one position to another at the same salary level or range, or he may change from a position in one classification to a position in a lower one. The appointment to the new position is made at a step within the salary range of the lower classification appropriate to the employee's qualifications for that classification.

3. *Listing of Job Vacancies*

When job vacancies occur, they will be listed by Departments with the recruiting section of the Personnel Office except as noted in paragraph 6 below. Notices of openings will be posted on University bulletin boards and in the Personnel Office for the information of employees interested in new job opportunities. Listings will be by job title.

4. *Selection of Applicants for Promotion and Transfer*

Employees will contact the recruiting section of the Personnel Office to apply for specific openings posted or to request transfer in general. When appropriate, the Personnel Office will attempt to identify suitable candidates from among those currently employed. In such cases the Personnel Office will discuss the matter with the present supervisor before discussing it with the employee or the prospective supervisor. Department Heads are also encouraged to advise the Personnel Office of employees for whom there is no opportunity for advancement in the present position and who might qualify for an assignment at a higher level elsewhere in the University. Job referrals will be made on the basis of the best qualified applicants in terms of the job openings and the class specifications. University employees will, however, be given preference when their qualifications match those of other candidates, since the specialized knowledge they have gained is of value to the University.

5. *Intradepartmental Transfers and Promotions*

Promotions and transfers within a department are a normal and desirable function of departmental personnel management. The department is concerned with reassignment for best utilization of personnel in terms of individual qualifications and with upgrading of employees within the department.

The transfer of an employee from one position to another within the same class or to a very closely related class at the same level may be made at the discretion of the Department Head. In order that accurate records may be main-

tained, the Personnel Office must be notified of such change.

Prior to final departmental commitments with employees on promotions within the department, the Personnel Office must approve. This procedure will assist the Personnel Office in fulfilling its function of screening qualifications and maintaining standards and will permit the department to be apprised of all suitable candidates before making final commitments.

6. *Interdepartmental Transfers and Promotions*

Promotion and transfer between departments is encouraged for employees whose skills and abilities cannot adequately be utilized in their present assignments.

To facilitate operation of the program and assure the observation of University regulations, transfer negotiations between departments will be carried out by the Personnel Office with the Department Heads concerned. Department Heads. and employees requesting promotion and transfer will make their initial contact for this purpose with the recruiting section of the Personnel Office.

An employee will not, under ordinary circumstances, be considered eligible for promotion until he has served a minimum of six months on his present job. However, exceptions to this policy can be made with the joint approval of the employee's Department Head and the Personnel Office.

The period of time on the job need not be a factor in transfers. The individual circumstances of the case will be the determining consideration in this regard. Concurrence of the employee's Department Head is required.

When an employee is accepted by a Department for promotion or transfer, the effective date will be negotiated between the Departments involved by the Personnel Office. In all cases reasonable time for recruitment and training of the employee's replacement will be considered in setting the effective date.

7. *Intercampus Promotions and Transfers*

Opportunities and facilities exist for promotion and transfer between campuses of the University. Negotiations may be opened by both departments and employees. Possibilities for such intercampus promotion and transfer will be discussed initially with the Personnel Office.

8. *Disposition of Vacation, Sick Leave, and Overtime in Interdepartmental Promotion and Transfer*

Vacations: Unused vacation credit normally transfers with the employee from one department to another.

When a Federal contract or a similar outside fund is involved, an employee upon promotion or transfer must ordinarily be paid for all of his unused vacation by the department or contract from which he transfers. Contracts and certain other grants are not chargeable for vacation time not earned under their provisions.

Sick Leave: Unused sick leave credit will transfer with the employee to the new department or contract.

Overtime: A department or contract will compensate an employee for earned overtime prior to the promotion or transfer.

How To Write A Better Letter

LLOYD M. POWELL

"With business correspondence becoming increasingly important, knowing how to dictate a better letter can mean less work, more done, faster."

A leading automobile manufacturer recently paid a consultant $40,000 for six months' work. The job: streamlining the company's correspondence procedures.

Today, as business expands, more business letters are being dictated than ever before. And they're more important, too, for letters often take the place of a personal visit or long-distance telephone call.

The way you write a business letter tells a lot about you. If you're a clear thinker, neat, and accurate, it shows in your correspondence. But if you dictate *before* thinking — or if you are "wordy" — that shows, too.

According to correspondence experts at Dictaphone Corporation . . . you can dictate a better letter if you remember the six important "C's". Your letters should be Clear, Correct, Complete, Concise, Cordial and Clean.

Clarity — There's no "trick" to writing a clear letter. All you have to do is put on paper what you would say if you were speaking directly to the addressee. You certainly wouldn't start out by saying, "Yours of the 16th inst. received and duly noted." Expressions like that don't belong in a business letter. Neither does the "King's English" — that's good for kings, not for business letters. The best way to compose a clear letter is to think first, then dictate simply, saying what you want to say without fancy phrases.

Correctness — A business letter is like a contract. Once you put yourself on record, you're bound by what you've written. So be careful — about dates, prices and other facts. Watch out for spelling errors, too, because spelling reveals your intelligence and care. Finally, getting names and titles correct is essential — people can be sensitive about things like that.

Completeness — The purpose of any business letter is to transmit information. Unless the information you give is complete, you may have to write another letter (more work) to provide the additional facts required. So, before mailing a letter be sure to read it carefully to see that you've said everything that needs saying.

Conciseness — A short, crisp joke is often much funnier than a long, drawn-out one. In the same way, a brief, to-the-point letter has much more impact than one that rambles on and on. There's no need to skip important facts to be concise — some letters actually require two or more pages. But, by avoiding unnecessary expressions like "I wish to state" or "I remain"

Mr. Powell is President of Dictaphone Corporation.

or "I beg to inform you that . . .," you can keep your letters concise, save time, and make a better impression on the reader.

Cordiality — Everyone knows how refreshing a pleasant smile can be, and putting a "smile" in your letters is easy. If you're answering a letter, you might begin by saying, "Thank you for your letter of April 18th. I am glad to learn that . . . ". Stiff and formal business letters became old fashioned thirty years ago. Today, with dictating machines, the idea is still to be businesslike — but friendly! It's good "public relations."

Cleanliness — Once you've written a good letter — one that says what you want it to say, correctly, completely, concisely, and cordially — you can give your letter the finishing touch, or spoil it completely, by the way it's typed and folded. Your letter is *you.* Keep it free from smudges, partial erasures, and haphazard folds. When it arrives, the reader will know you think enough of him to do the job right. Whether you use a modern dictating machine — or a manual method — you can give your letters greater impact by observing the six "C's".

I'd Rather Be Doing Personnel Work Than Anything Else Because . . .

1. *I'm working for my community.* I give Wayne County better government, which means more efficient business methods, and better care for the poor, the sick, the insane; its feeble-minded and delinquent children. This is because I help select the men and women who direct these offices and institutions and work closely with these unfortunates. Thus, my work is more immediately related to human happiness than if I worked in a factory or office.

2. *My job is well-rewarded and secure.* I won't get rich, but my salary is adequate, and when my years of service end, there will be a pension. There are no strikes or seasonal layoffs to disturb my budget. I can make definite plans to pay for my house and car; and for my old age.

3. *I work with and for people who have earned their jobs.* I don't have to put up with the boss' son-in-law. The people I work with, regardless of the church they attend, or how they voted, or what color their skin, are all competent people who had to pass an exam to get their job. And like them, I can aspire to positions of greater reward and prestige, as I compete on a merit basis.

4. *My contacts are varied and interesting.* I see plumbers and psychiatrists; detectives and dentists. From my personnel vantage point I see what makes my community tick.

5. *I associate with dedicated men.* Through local, regional, and national conferences, I have an opportunity to meet and exchange views with men devoted to the public welfare, than which there is no higher calling."

— Lyndon Babcock, Chief of Recruitment, Wayne County, Michigan Civil Service Commission

Supervisors Are Developed—Not Born

HOWARD SHOUT

"The planned development of supervisors can contribute significantly to the success of an organization. This is likely to be as true for colleges and universities as it is for business and industry generally. Personnel people can perform a worthwhile service by giving attention to this aspect of their work."

Why should we be concerned about developing supervisors at our colleges and universities? Along with business and industry, colleges and universities are improving their personnel procedures. Among other matters, they have recognized the importance of their management group as a whole in determining the effectiveness of the organization. Management is no longer considered a single individual heading an organization but the total team of foremen, supervisors, department heads, directors, and others.

At the supervisory or foreman level, ineffective management shows up in increased turnover, absenteeism, grievances, costs, and waste.

What qualities and abilities are needed for effective supervision? Interest and belief in people is basic to success in supervision. An objective approach to problems is also a desirable attitude. Important skills and knowledge are those of organizing, communicating, and leading. Mastery of the field of work being supervised is also valuable if not essential. Knowledge of the purposes and policies of the organization and of the supervisor's part in its functioning is necessary.

How can we build effective supervisors? Select wisely; induct carefully; appraise regularly; coach, counsel and develop continually. There are a variety of approaches and techniques suggested for these four steps in the literature on supervisory development.

Who is responsible for coaching, counseling, and developing a supervisor? These are part of the management job of the individual he reports to. His superior, if skillful in this development function, will correct his mistakes without attacking him as a person, will counsel him non-directively to increase his personal effectiveness, will discipline him firmly but understandingly, and will develop him on a planned basis. Some development actions he may use are job changes, observation trips, courses, conferences, special assignments, and others depending on circumstances.

How can personnel people in colleges and universities stimulate interest in supervisor develop-

Mr. Shout is Acting Director for Training Services, Detroit Edison Company. This is a digest of his talk at the 1956 Winter Conference of the Midwest Region, CUPA.

ment? This will vary with each institution according to its size, policies, organization, and other factors. In any case, if action is contemplated, a study would need to be made and a report prepared stating the needs, possible ways of meeting them, a recommended plan, costs, procedures and suggested assignment of responsibilities for action. Some approaches that might be considered are: (1) a general study of the problem by a special committee of CUPA, (2) bringing in a consultant on supervisor development (perhaps a member of the faculty in business subjects), (3) an adequate presentation of the problem to the organization's top management group concerned with personnel matters for their consideration and solution, (4) development of a plan of action with a pilot group of supervisors selected for the purpose.

Plan To Attend

the

MIDWEST REGIONAL MEETING

of the

COLLEGE AND UNIVERSITY PERSONNEL ASSOCIATION

ILLINOIS STATE NORMAL UNIVERSITY

Normal, Illinois

FEBRUARY 7-8, 1957

There will be an excellent two-day program which you will not want to miss. Sessions will be held in the new union building, and good hotel accommodations are available.

Illinois State Normal University is celebrating its 100th birthday in 1957, and we are a privileged national organization in being invited to their campus during this year of celebration.

Mr. Preston Ensign, Business Manager at ISNU, who is Chairman of the Midwest Region, is in charge of program and arrangements. It is possible you have heard from him directly; if not, please consider this an invitation and write to Mr. Ensign for further details.

NEWS, NOTES & QUOTES

(Continued from Page ii)

pertaining to nonacademic personnel. Miss Myrtle Volger is the Personnel Officer for the Milwaukee institution.

Mr. C. W. Vaughn, Personnel Officer for the Madison office of the University of Wisconsin, retired in August, 1956, after 43 years of faithful and inspiring service. Mr. Robert Webb, formerly with the State of Wisconsin Bureau of Personnel, has been selected as Mr. Vaughn's replacement. Mr. Webb is anxious to meet other members of the College and University Personnel Association, and plans to attend the next regional meeting.

Bob Hartz, right-hand man in my office in Urbana, was on the phone calling me long distance in Florida where I was on vacation. "I am afraid I have bad news for you," was his opening statement. And it was bad news, indeed, for all who knew and admired Charlotte Marks and her daughter Harriet, and for every friend of Arlyn's and of his son, Dick.

The news dealt with the sudden and tragic death of Charlotte and Harriet in a head-on automobile collision.

Charlotte Marks was a grand person — quiet, pleasant, and easy to know, yet with a firmness of faith and works far beyond the ordinary. Her daughter was showing every indication of following in her mother's footsteps.

No words can express our sense of personal loss, nor can we say to Arlyn and Dick what we would wish to say. I know that from all over the country have come words of sympathy. And that is about all we can express — but that, at least, we do in the fullest measure.

— Donald E. Dickason.

(Mrs. Marks and daughter Harriet, were killed the day following Thanksgiving while en route to Cedar Rapids, Iowa, on a shopping expedition.)

Jim Bryant, former Business Manager of Texas College, Tyler, Texas, has resigned his post there to serve as Consultant in Business and Fiscal Operations for the United Negro College Fund. He maintains headquarters at Hampton Institute where he also serves as Assistant Business Manager.

Fred Spurgat has been appointed Acting Business Manager of Concordia College, River Forest, Illinois.

More New Members

Paul W. Yoder, Personnel Manager, Hospital and Tumor Institute, The University of Texas.

E. J. Townsend, Controller, Michigan State College of Mining and Technology.

Dr. Harold R. Rice, President, Moore Institute of Art, Philadelphia.

M. Porter Sutton, Personnel Director, The John Hopkins University.

Mrs. Beatrice R. Finigan, D'Youville College, Buffalo.

Reverend Leoncio Quinones, Comptroller, Catholic University of Puerto Rico.

Elmer Jagow, Business Manager, Knox College, Galesburg, Illinois.

Robert Mears, University of Florida.

Bob Gullion has been promoted to the position of Superintendent of Buildings and Grounds at the

University of Texas, Austin.

Effective as of the academic year 1956-57, children of employees of Cornell University in the following categories will be allowed free tuition in any of the schools or colleges of the University (children of employees of the Medical College and the School of Nursing are excepted from this privilege, and children of employees in other divisions of the University are not given free tuition in the Medical College or the School of Nursing) for a period not to exceed fourteen terms while working as an accepted candidate for a degree:

(1) All full-time members of the University Faculty, voting and non-voting, with the rank of professor, associate professor or assistant professor.

(2) All full time administrative, supervisory and professional employees with salaries of $4,176 or more per year if unclassified and in grade A-19, L-17, P-3, NP-13, or above if classified.

(3) All other full-time employees who have completed ten years of continuous service.

Any period of free tuition received under the Faculty Children's Tuition Exchange Plan will reduce the number of terms of free tuition available at Cornell University. Registration in a six-week summer session will count as two-fifths of a term and registration for summer research will be counted proportionate to the amount of residence credit for which the student is registered.

This privilege shall continue while the employee remains in the service of the University, or if he retires, dies or becomes totally and permanently disabled during such service. If an employee, whose children are receiving free tuition hereunder, ceases to be an employee for reasons other than death, retirement or total disability, the free tuition privilege shall cease and the tuition for the term will be prorated.

— from Diedrich Willers

OUR COVER

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50 students in a second-hand building. To the original campus at Urbana-Champaign was added in 1896 the first of the Chicago Professional Units in the health sciences Undergraduate Divisions were established in 1946 at Chicago and Galesburg, with that at Galesburg closing in 1949 when need for it had passed.

However, much at the University has grown in size, it has grown more in concept and activities. The kind of university it is today was unknown in 1868. The three-fold patter of *education, research and service* is a new and American contribution to the idea of a university. Today Illinois offers training in almost every field of human interest and activity; its great laboratories and scholars constantly extend the bounds of human knowledge; through publications, radio, extension and service activities it takes information to the people And from the laboratories and other activities, vitalizing information and inspiration flow back to the classes.

The University is internationally known. Traceable returns from its research repay every year to the people of Illinois more than the cost of building and operating the University since it opened in 1868. "Firsts" at Illinois cover many things.